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**Bankstown RSL Club Limited**

ABN 61 001 084 591

**Annual Financial Report  
31 December 2020**

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# Bankstown RSL Club Limited

## Directors' Report

### Directors

The directors present their report together with the financial statements of Bankstown RSL Club Limited (the company) for the year ended 31 December 2020.

The directors of the company in office at any time during or since the end of the financial year are:

<b>Name and qualifications</b>	<b>Experience and Special Responsibilities</b>
B I Pawley - Chairman	Bruce has been a long serving member, having held numerous positions in social clubs and Sub-Branch committees before being elected to the Board of Directors in 1974. He comes from the NSW Public Service background.
B C Hilton	Brian has been a member of Bass Hill RSL Club for over 37 years. Past President of Bass Hill Snooker Club (7 years). He retired from the hardware industry after 54 years. He was appointed to the Board on March 2007.
J R Player - Vice Chairman	John was elected as a member of the Board in 2001. He served a dedicated 38 years with the RTA as Motor Registry Manager and Administrative Officer.
E A Garland OAM	Ann was appointed a director on 27 November 2014. Ann served in the Women's Royal Australian Air Force as an RTA Driver Examiner and Driver Testing Co-Ordinator (DMT/RTA). Ann has been involved in the club industry for 46 years, holding the position of Director and Vice President of Bass Hill. She has been a member at Bankstown for 17 years. She was awarded the Order of Australia Medal for services to the Veteran Community and is currently a contractor to Roads & Maritime Services as a Competency Based Assessor for Heavy Vehicles.
K Asfour	Khal was appointed director on 25 August 2016. Khal is a graduate of Australian Institute of Company Directors and serviced as a board member of Local Government NSW from 2013 to 2015. Khal was a Bankstown City Councillor from 2004 to 2016 and then served as Mayor of Bankstown City Council from 2011 to 2014 and then again from 2015 to 2016. From 2017, Khal was elected as the Mayor of the City of Canterbury Bankstown.
Q Nguyen	Quoc was appointed director on 1 July 2018. Quoc holds a Bachelor of Business Degree from Edith Cowan University and a Bachelor of Laws Degree from the University of Western Sydney and is a practising Solicitor. Quoc has gained experience in a range of industries in which he has contributed to management committees and has completed various leadership courses with the Vietnamese Buddhist Youth Association.
M Stone	Max has served in the Building Industry for over 30 years and in Liquor Store Management for about 10 years. Max was appointed as a board member of Bankstown RSL Club Limited from 31 <sup>st</sup> March 2019.

# Bankstown RSL Club Limited

## Directors' Report

### Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the financial year is:

Director	Number of Meetings Attended	Number of Meetings Held *
B I Pawley	12	12
B C Hilton	11	12
J R Player	11	12
K Asfour	12	12
E A Garland	9	12
Q T Nguyen	12	12
M Stone	12	12

\* Number of meetings held during the time the director held office during the year.

### Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2020 and the comparison with last year is as follows:

	2020	2019
Ordinary	51,604	52,465
Life	4	3
	<hr/>	<hr/>
	51,608	52,468
	<hr/>	<hr/>

### Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the company during the time that they are a member or within one year thereafter.

### Operating result

The net loss after tax for the year amounted to \$701,812 (2019: 203,238). This resulted after charging \$3,354,005 (2019: \$3,401,523) for depreciation and after recognising a gain on disposal of property, plant and equipment of \$9,477 (2019: \$2,526,459) and before recognising an income tax benefit of \$253,059 (2019: expense of \$592,263).

# Bankstown RSL Club Limited

## Directors' Report

### Objectives

#### Short and Long Term

The company will continue to operate a licensed social club for members and their guests.

### Strategy for achieving the objectives

Maintain our key performance indicators and drive greater revenue returns through our newly renovated premises

### Principal activities

The principal activities of the Company during the course of the financial year consisted of the provision of licensed clubs and services for the use of members and the promotion of the objects of the Returned and Services League.

### How these activities assist in achieving the objectives

The activities assist in generating revenue to fund the high quality facilities provided to members and guests, support charitable organisations.

### Performance measurement and key performance indicator

A number of KPIs are employed by the Club in order to measure and improve the Club's performance. The Club uses gross profit percentage and wages to sales percentage to measure the financial performance of each department. The Club also uses EBITDA to measure the financial performance of the Club as a whole.

### Key Performance Indicators

	2020	2019
<b>Gaming</b>		
Revenue percentage	77.03%	79.93%
Net taking per machine per annum	\$39,255	\$53,407
Wages to sales percentage	4.15%	4.80%
Net profit percentage	55.39%	59.31%
<b>Bar</b>		
Revenue percentage	5.35%	8.96%
Gross profit percentage	76.41%	62.98%
Wages to sales percentage	36.91%	21.90%
Net profit percentage	23.73%	32.79%
EBITDA (Before gain on disposal of property, plant and equipment)	31.29%	21.89%

Bankstown RSL Club Limited

## Directors' Report

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors.

Dated at Bankstown this 5<sup>th</sup> day of February 2021.

**B I Pawley**  
Chairman

## DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF BANKSTOWN RSL CLUB LIMITED

As lead auditor of Bankstown RSL Club Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

1. The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. Any applicable code of professional conduct in relation to the audit.

Clayton Eveleigh  
Director

**BDO Audit Pty Ltd**

Sydney, 5<sup>th</sup> February 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Bankstown RSL Club Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Bankstown RSL Club Limited (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Bankstown RSL Club Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to page 15 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



### **Other information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

### **BDO Audit Pty Ltd**

Clayton Eveleigh  
Director

Sydney, 5<sup>th</sup> February 2021



# Bankstown RSL Club Limited

## Directors' Declaration

The directors of Bankstown RSL Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 10 to 32, are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance, for the financial year ended on that date; and
  - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Bankstown this 5<sup>th</sup> day of February 2021

**B I Pawley**  
Chairman

Bankstown RSL Club Limited

Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Revenue and other income</b>			
Sale of goods		545,217	1,346,430
Rendering of services		8,793,299	12,711,983
Other revenue		2,572	40,073
Other income		850,677	2,526,459
		<hr/>	<hr/>
Total revenue and other income	1	10,191,765	16,624,945
		<hr/>	<hr/>
Raw materials and consumables used		(128,622)	(498,495)
Donations		(172,094)	(279,880)
Employment and staffing expenses		(2,215,558)	(3,299,802)
Depreciation expense	2	(3,354,005)	(3,401,523)
Finance costs	2	(532,968)	(886,412)
Entertainment and promotion expenses		(691,975)	(1,682,837)
Professional fees		(32,762)	(65,560)
Poker machine licences and taxes		(1,655,632)	(2,541,464)
Property expenses		(1,630,626)	(2,613,537)
Other expenses		(732,394)	(966,410)
		<hr/>	<hr/>
		(11,146,636)	(16,235,920)
		<hr/>	<hr/>
<b>(Loss)/profit before income tax expense</b>		(954,871)	389,025
Income tax benefit/(expense)	3(a)	253,059	(592,263)
		<hr/>	<hr/>
<b>Net loss after income tax expense attributable to members</b>		(701,812)	(203,238)
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
<b>Total comprehensive loss for the year attributable to members</b>		(701,812)	(203,238)
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 14 to 32.

# Bankstown RSL Club Limited

## Statement of Financial Position As at 31 December 2020

Assets	Note	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	1,373,635	785,668
Trade and other receivables		520,505	112,757
Inventories		53,978	57,021
Prepayments		299,825	232,685
<b>Total current assets</b>		2,247,943	1,188,131
<b>Non-current Assets</b>			
Land and buildings	5	62,215,643	63,996,384
Property, plant and equipment	6	8,083,515	9,345,056
Deferred tax assets	3(c)	54,553	30,633
<b>Total non-current assets</b>		70,353,711	73,372,073
<b>Total assets</b>		72,601,654	74,560,204
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	1,868,502	1,745,692
Borrowings	8	13,895,500	3,300,000
Employee benefits	9	785,810	778,957
Current tax liabilities	3(b)	226,716	537,773
Lease liabilities	10	614,759	647,618
Income received in advance		221,798	491,788
Goods and services tax payable		723,828	616,355
<b>Total current liabilities</b>		18,336,913	8,118,183
<b>Non-current Liabilities</b>			
Borrowings	8	-	11,015,500
Employee benefits	9	38,322	25,123
Lease liabilities	10	922,717	1,395,884
<b>Total non-current liabilities</b>		961,039	12,436,507
<b>Total liabilities</b>		19,297,952	20,554,690
<b>Net assets</b>		53,303,702	54,005,514
<b>Members funds</b>			
Retained earnings		53,303,702	54,005,514
<b>Members funds</b>		53,303,702	54,005,514

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 14 to 32.

Bankstown RSL Club Limited

Statement of Changes in Members' Funds  
For the Year Ended 31 December 2020

	Retained Earnings	Total Members' Funds
	\$	\$
<b>Balance at 1 January 2018</b>	54,208,752	54,208,752
Net loss after income tax expense for the year	(203,238)	(203,238)
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
<b>Balance at 31 December 2019</b>	54,005,514	54,005,514
Net loss after income tax expense for the year	(701,812)	(701,812)
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
<b>Balance at 31 December 2020</b>	<u>53,303,702</u>	<u>53,303,702</u>

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 14 to 32.

Bankstown RSL Club Limited

Statement of Cash Flows  
For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		11,205,991	17,121,775
Payments to suppliers and employees		(8,745,721)	(9,549,271)
Interest paid		(532,968)	(886,412)
Interest received		72	73
Rent received		2,750	44,000
Income taxes paid		(81,918)	(156,507)
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		1,848,206	6,573,658
		<hr/>	<hr/>
<b>Cash Flows From Investing Activities</b>			
Acquisition of property, plant and equipment		(327,474)	(10,893,922)
Proceeds from disposal of property, plant and equipment		15,751	8,397,950
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		(311,723)	(2,495,972)
		<hr/>	<hr/>
<b>Net Cash Flows From Financing Activities</b>			
Repayment of borrowings		(420,000)	(1,801,396)
Repayment of lease liabilities		(528,516)	(779,240)
		<hr/>	<hr/>
<b>Net cash outflow from financing activities</b>		(948,516)	(2,580,636)
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		587,967	1,497,050
<b>Cash and cash equivalents at the beginning of the financial year</b>		785,668	(711,382)
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	4	1,373,635	785,668
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 14 to 32.

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### About this report

Bankstown RSL Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Bankstown RSL Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 5<sup>th</sup> February 2021.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year; and
- The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Impairment of non-financial assets	Note 5 and 6
Estimation of useful lives of assets	Note 5 and 6
Long service leave liability	Note 9

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### About this report (continued)

#### Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business for a period of at least twelve months from the date these financial statements were approved.

As at 31 December 2020, the club incurred a net loss of \$701,812 (2019: \$203,238) and the club was in a net current liability position of \$16,088,970 as a consequence of the maturity of the commercial bill business loan which matures on 14 November 2021, as disclosed in note 8, to be reclassified as a current liability. Subsequent to the year end, the club has not renegotiated the loan terms with Westpac, therefore the full loan is deemed to be payable within twelve months from the date these financial statements were approved.

These events and conditions, and the associated potential repayment of the loan facility as noted above, indicate the existence of a material uncertainty in relation to going concern which may cast significant doubt as to whether the club will continue as a going concern.

The club also notes the unpredictability of the COVID-19 situation, and the potential impact on the going concern basis of preparation. On 22 March 2020, the Government announce forced closure of the registered and licensed clubs, licensed premises in hotels and pubs, entertainment venues and cinemas, casinos and nightclubs effective from Midday 23 March 2020 until 1 June 2020. At the date of this report, there does not appear to be either any significant uncertainties with respect to events or conditions which may impact the club unfavourably as at the reporting date or subsequently as a result of the Coronavirus pandemic.

However, the directors believe there are reasonable grounds to conclude the club will continue as a going concern on the basis of the following:

- Cash flow budgets indicate sufficient cash flow for the period of 12 months from the date of this report;
- Performance since reopening has been favourable and continues to be improve; and
- The ability of the company to renegotiate its facilities with the bank.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

Bankstown RSL Club Limited

Notes to the Financial Statements  
For the Year Ended 31 December 2020

1 Revenue and Other Income

	2020 \$	2019 \$
<b>Sale of Goods Revenue</b>		
Bar sales	545,217	1,346,430
<hr/>		
<b>Rendering of Services Revenue</b>		
Poker machines - net clearances	7,850,943	12,016,543
Members' subscriptions	298,867	230,154
Entertainment and promotions	14,499	82,466
Keno sales	3,015	30,251
Commission received	4,210	15,883
Function room hire	2,009	10,429
Sundry income	619,756	326,257
<hr/>		
	8,793,299	12,711,983
<hr/>		
<b>Other Revenues</b>		
Interest received	72	73
Rent received	2,500	40,000
<hr/>		
	2,572	40,073
<hr/>		
<b>Total Revenue</b>	<b>9,341,088</b>	<b>15,034,486</b>
<hr/>		
<b>Other Income</b>		
Net gain on disposal of property, plant and equipment	9,477	2,526,459
Government grants - COVID-19 stimulus	841,200	-
<hr/>		
	850,677	2,526,459
<hr/>		
<b>Total Revenue and Other Income</b>	<b>10,191,765</b>	<b>16,624,945</b>
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## Notes to the Financial Statements For the Year Ended 31 December 2020

### 1 Revenue and Other Income (continued)

#### Revenue Recognition

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

#### Sale of Goods

Revenue from the sale of goods comprises of revenue earned from the provision of beverages and is recognised (net of rebates, returns, discounts and other allowances) at a point in time when the performance obligation is satisfied that is on delivery of goods to the customer.

#### Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised at a point in time when the services are provided.

#### Interest Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

#### Rent Revenue

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### Other income

##### Sale of Property, Plant and Equipment

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other income at the date control of the asset passes to the buyer.

##### Grants

Grants are recognised in profit or loss when the club satisfies the performance obligations stated within the related agreement. Where performance obligations are not sufficiently specific, or there are no performance obligations, the grant is recognised as income when the right to receive payment is established.

Bankstown RSL Club Limited

Notes to the Financial Statements  
For the Year Ended 31 December 2020

2 Expenses

	2020 \$	2019 \$
Loss before income tax includes the following specific expenses:		
<b>Finance costs</b>		
Bank loans and overdraft	532,968	886,412
	<hr/>	<hr/>
<b>Depreciation</b>		
Buildings	1,813,663	1,829,220
Plant and equipment	1,540,342	1,572,303
	<hr/>	<hr/>
Total depreciation and amortisation	3,354,005	3,401,523
	<hr/>	<hr/>
<b>Defined contribution superannuation expense</b>	148,239	255,311
	<hr/>	<hr/>

**Recognition and Measurement**

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 3 Income Tax

#### (a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

	2020 \$	2019 \$
The amount set aside for income tax in the Statement of Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	(335,628)	(250,920)
Add: Income assessable in full	1,323,008	318,068
Add: Capital gains	-	2,432,467
	<hr/>	<hr/>
Less: Expenses deductible in full	987,380 (1,057,134)	2,499,615 (378,652)
	<hr/>	<hr/>
Net income subject to tax	(69,754)	2,120,963
	<hr/>	<hr/>
Current income tax applicable to above at rate of 27.5% (FY19: 27.5%)	(19,182)	583,265
Tax losses not utilised	19,182	-
Under/(Over) provision in prior year	(229,139)	(10,186)
Movement in deferred tax assets	(23,920)	19,184
	<hr/>	<hr/>
Income tax (benefit)/expense	(253,059)	592,263
	<hr/> <hr/>	<hr/> <hr/>
<b>(b) Current Tax Liability</b>	<b>2020</b> <b>\$</b>	<b>2019</b> <b>\$</b>
Movements during the year:		
Balance at beginning of year	537,773	121,201
Income tax paid	(81,918)	(156,507)
Current year's income tax expense on profit	-	583,265
Over provision in prior year	(229,139)	(10,186)
	<hr/>	<hr/>
Current tax liabilities	226,716	537,773
	<hr/> <hr/>	<hr/> <hr/>

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 3 Income Tax (continued)

#### (c) Deferred Tax Assets

The balance comprises temporary differences attributable to:

#### *Amounts recognised in profit and loss*

Employee provisions	54,553	30,633
	<hr/>	<hr/>
Deferred tax assets	54,553	30,633
	<hr/> <hr/>	<hr/> <hr/>
<b>Movements</b>		
Opening balance	30,633	49,817
Credited/(Charged) to the Statement of Profit or Loss and Other Comprehensive Income	23,920	(19,184)
	<hr/>	<hr/>
Closing balance	54,553	30,633
	<hr/> <hr/>	<hr/> <hr/>

#### **Recognition and Measurement**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 3 Income Tax (continued)

#### Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

### 4 Cash and Cash Equivalents

#### Reconciliation of Cash

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2020 \$	2019 \$
Cash and cash equivalents	1,373,635	785,668
	<hr/>	<hr/>
	1,373,635	785,668
	<hr/> <hr/>	<hr/> <hr/>

#### Recognition and Measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Bankstown RSL Club Limited

### Notes to the Financial Statements For the Year Ended 31 December 2020

5 Land and Buildings	2020 \$	2019 \$
Freehold land and buildings - at cost	62,215,643	63,996,384
	<hr/>	<hr/>
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for freehold land and building between the beginning and the end of the current financial year are set out below:		
<b>Freehold land and buildings</b>		
Carrying amount at beginning of year	63,996,384	7,044,190
Transfers from work in progress	-	65,779,205
Additions	32,922	-
Disposals	-	(2,737,172)
Transfers out	-	(4,260,619)
Depreciation expense	(1,813,663)	(1,829,220)
	<hr/>	<hr/>
Carrying amount at end of year	62,215,643	63,996,384
	<hr/> <hr/>	<hr/> <hr/>

#### Valuation

An independent valuation of the company's land at 1 Meredith Street was carried out as at 9 November 2020 on the basis of open market value on an 'as is' basis for use of the subject land to be used as a high density residential development site resulting in a valuation of land and buildings of \$90,000,000.

As land and buildings are recorded at cost the valuation has not been brought to account. The Directors do not believe there has been a material movement in the fair value since the valuation date.

Bankstown RSL Club Limited

Notes to the Financial Statements  
For the Year Ended 31 December 2020

6 Property, Plant and Equipment

	2020 \$	2019 \$
Plant and equipment		
<i>At cost</i>	8,518,735	8,271,626
<i>Accumulated depreciation</i>	(1,729,611)	(791,283)
Right-of-use assets		
<i>At cost</i>	2,478,534	2,478,534
<i>Accumulated depreciation</i>	(1,184,143)	(613,821)
	<hr/>	<hr/>
Total plant and equipment net book value	8,083,515	9,345,056
	<hr/>	<hr/>

Reconciliations

**Movements in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

**Plant and Equipment**

Carrying amount at beginning of year	7,480,343	3,374,931
Additions	294,552	2,754,877
Disposals	(15,751)	(3,134,319)
Depreciation expense	(970,020)	(958,482)
Transfers from work in progress	-	5,443,336
	<hr/>	<hr/>
Carrying amount at end of year	6,789,124	7,480,343
	<hr/>	<hr/>

**Right-of-use assets**

Carrying amount at beginning of year	1,864,713	-
Addition due to adoption of AASB 16	-	2,478,534
Depreciation expense	(570,322)	(613,821)
	<hr/>	<hr/>
Carrying amount at end of year	1,294,391	1,864,713
	<hr/>	<hr/>

**Capital Works in Progress**

Carrying amount at beginning of year	-	61,301,411
Additions	-	5,660,511
Transfers to land and buildings and plant and equipment	-	(66,961,922)
	<hr/>	<hr/>
Carrying amount at end of year	-	-
	<hr/>	<hr/>

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 6 Property, Plant and Equipment (continued)

#### Core Properties held by the Club

**Bankstown**  
1 Meredith Street  
Bankstown NSW 2200

#### Recognition and Measurement

All property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	3-40 years
Plant and equipment	3-15 years
Poker machines	3-5 years
Leased assets	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

#### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The club has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.



# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 6 Property, Plant and Equipment (continued)

#### Right-of-use assets (continued)

Leased plant and equipment consists of the assets the club leases from various providers, the terms of which are disclosed below.

- Club audio visual and security lease - The effective date of the Club AV loan was 1 January 2019. The term of the lease is 5 years, bearing interest at 4,45% with no option to extend;
- Telstra lease - The effective date of the Telstra loan was 10 August 2018. The term of the lease is 3 years, bearing interest at 7% with no option to extend;
- IGT lease - The effective date of the IGT loan was 1 April 2019. The term of the lease is 3 years, bearing interest at 6,94% with no option to extend; and
- Crown lease - The effective date of the Crown loan was 1 March 2019. The term of the lease is 5 years, bearing interest at 9,27% with no option to extend.

#### Significant judgements

##### (i) Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

##### (ii) Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

7 Trade and Other Payables	2020 \$	2019 \$
<b>Current</b>		
Trade payables	1,073,062	1,145,003
Other payables and accrued expenses	795,440	600,689
	<hr/>	<hr/>
	1,868,502	1,745,692
	<hr/> <hr/>	<hr/> <hr/>

#### Recognition and Measurement

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 8 Financial Liabilities

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

	2020 \$	2019 \$
<b>Current Liabilities</b>		
Commercial Bill Business Loan	13,895,500	3,300,000
	<hr/>	<hr/>
	13,895,500	3,300,000
	<hr/>	<hr/>
<b>Non-Current Liabilities</b>		
Commercial Bill Business Loan	-	11,015,500
	<hr/>	<hr/>
	-	11,015,500
	<hr/>	<hr/>
<b>Financing Facilities</b>		
The company has access to the following lines of credit:		
<i>Total facilities available</i>		
Bank overdraft	250,000	-
Commercial Bill Business Loan	13,995,500	14,315,500
Business card	11,000	-
	<hr/>	<hr/>
	14,256,500	14,315,500
	<hr/>	<hr/>
<i>Facilities utilised at reporting date</i>		
Bank overdraft		-
Commercial Bill Business Loan	13,895,500	14,315,500
	<hr/>	<hr/>
	13,895,500	14,315,500
	<hr/>	<hr/>
<i>Facilities not utilised at reporting date</i>		
Bank overdraft	250,000	-
Commercial Bill Business Loan	100,000	-
Business card	11,000	-
	<hr/>	<hr/>
	361,000	-
	<hr/>	<hr/>

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 8 Financial Liabilities (continued)

#### **Recognition and Measurement**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

#### **Financing Arrangements**

##### **Commercial bill business loan**

The commercial bill business loan is denominated in Australian dollars. The amount in current liabilities comprises the company's commercial bill business loan payable within one year and the amount in non-current liabilities comprises the company's commercial bill business loan payable within two to five years. The commercial bill business loan bears interest at 1.62% per annum and matures on 14 November 2021.

##### **Bank overdraft**

The bank overdraft is denominated in Australian dollars. The bank overdraft is payable on demand and is subject to annual review. Interest on bank overdrafts is charged at prevailing market rates.

##### **Security**

The bank facilities are secured by a registered first mortgage over certain properties of the company and a fixed and floating charge over all existing and future assets and undertakings of the company

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

	2020 \$	2019 \$
<b>9 Employee Benefits</b>		
Current	785,810	778,957
Non-current	38,322	25,123
Aggregate liability for employee benefits including on-costs	824,132	804,080

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Inflation rate	1.10%	1.20%
Discount rate	1.22%	1.29%

### Recognition and Measurement

#### Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

#### Superannuation Plan

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

The company is under a legal obligation to contribute 9.50% (2019: 9.50%) of each employee's base salary to a superannuation fund.

#### Significant judgements

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 10 Lease Liabilities

	2020 \$	2019 \$
<b>Current</b>		
Lease Liabilities	614,759	647,618
	<hr/>	<hr/>
	614,759	647,618
	<hr/>	<hr/>
<b>Non-Current</b>		
Lease liabilities	922,717	1,395,884
	<hr/>	<hr/>
	922,717	1,395,884
	<hr/>	<hr/>

#### Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are secured over the rights to the hire purchase assets recognised in the statement of financial position which will revert to the lessor if the company defaults.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### Significant judgements

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

# Bankstown RSL Club Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 11 Key Management Personnel Details

#### (a) Directors

The following persons were non-executive directors of the company during the financial year:

Messrs B I Pawley  
B C Hilton  
J R Player  
E A Garland  
K Asfour  
Q Nguyen  
M Stone

#### (b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

<b>Name</b>	<b>Position</b>
S Dickson	Chief Executive Officer
K Hodge	Chief Operations Officer

#### (c) Key Management Personnel Compensation

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Benefits and payments made to the Directors and Other Key Management Personnel	548,325	615,569
	<hr/>	<hr/>

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 12 Related Parties

#### Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11.

#### Transactions with Related Parties

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

### 13 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 December 2020 there were 51,608 members.

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter.

The registered office of the company is 1 Meredith Street, Bankstown NSW 2200.

### 14 Events Subsequent to Reporting Date

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

### 15 Summary of Other Significant Accounting Policies

Other significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Trade and other receivables

Trade and other receivables include amount due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 14 Summary of Significant Accounting Policies (continued)

#### (b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

#### (c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

#### (d) Financial Instruments - Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available-for-sale securities is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.